

CABINET

30 SEPTEMBER 2014

MEDIUM TERM FINANCIAL PLAN 2014/18

Portfolio Holder: Councillor Alan Jarrett, Finance
Report from: Mick Hayward, Chief Finance Officer
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Summary

This report reviews the major financial issues facing the Council during this and the next three years. It also provides a framework for the more detailed preparation of the draft Revenue Budget for 2015/16.

1. Budget and Policy Framework

1.1 The Council's annual budget and council tax setting establishes the Council's budget framework, and sets out the funding of services. The Medium Term Financial Plan (MTFP) identifies the key issues that need to be addressed as part of that budget preparation. This MTFP will mesh with the review of the Council Plan for 2015/18 to integrate budget setting with service planning and ensure priorities and funding are matched.

2. Background

2.1 The MTFP approved by Cabinet last October identified a 3-year scenario and quantified the issues in some detail such that it formed a robust basis for the budget that was agreed in February this year and importantly became a crucial reference for future financial planning. As in previous years the approved budget for 2014/15 of necessity focussed on the immediate need to produce a balanced budget in the face of a continued squeeze on public finances. The Financial Settlement report to Cabinet on 14 January 2014 identified the reduction in Revenue Support Grant of £14.1 million for 2015/16, which is the consequence of Government policy for deficit reduction, and this reduction is set to continue into 2016/17 and beyond.

2.2 2013/14 once again saw the Council underspend against the budget set, reinforcing the robustness of the budget set and effectiveness of control processes. This and the ability to date to deal with significant deficits at draft budget stage has demonstrated the strength of the Council's existing financial management but must not be allowed to lead to complacency in consideration of future budget positions for 2015/16 and beyond, against a backdrop of continued and severe reductions in Government support.

- 2.3 The Council's financial position remains challenging with an acknowledged low resource base both in terms of per capita grant and council tax. For Dedicated Schools Grant (DSG) the underlying rise in pupil numbers of circa 500 per annum continues but is muddled by the migration to Academy status and the consequent reduction in levels of grant that are pupil driven. There is also a negative impact from academies seceding from Council control in that the terms of their set up mean that the Council loses both the delegated budgets for those schools but also receives a lesser share of resources to support central education spending funded by way of the Education Services Grant (ESG). £3.3 million was received in 2014/15 but this is expected to fall to £2.3 million in 2015/16 partly as a consequence of the growing number of academies but also by a 20% reduction in Government funding levels. Again this is forecast to continue with 2016/17 predicted at £2.1 million.
- 2.4 It is also clear, even at this early stage, that the future budget requirement, incorporating investment in meeting strategic objectives allied with demographic change will exceed available resources, exacerbated by the certainty of significant reductions in Government support.

3. Advice and analysis

- 3.1 Government spending plans for 2015/16 are already established in terms of last year's Autumn Statement and the consequent Financial Settlement announcement that covered both 2014/15 and 2015/16 but also established a rhetoric for further substantial reductions in public expenditure. The Autumn Statement this year will confirm the Government's stance as it enters an election year and it is extremely unlikely that the pressure on public finances will be eased and indeed it is more likely that it will increase.
- 3.2 High level spending needs have been reviewed as part of the preparation of this report and are narrated and summarised in sections that follow but given the extraordinary resource position it is more than ever the case that the MTFP for 2014/18 must encapsulate the strategic priorities for Medway as set out in the Council Plan and the two guiding principles or core values of:
- Putting our customers at the centre of everything we do; and;
 - Giving value for money.

The Council Plan is the council's business plan. It has four priority areas and sets out what will be done to deliver these and how we will tell what difference has been made. Those four priorities are:

- Adults maintain their independence and live healthy lives;
- Children and young people have the best start in life in Medway;
- Everyone benefiting from the area's regeneration; and
- Safe, clean and green Medway.

These priorities and the progress towards their delivery are monitored quarterly alongside the financial performance of the Council integrating measures of cost and service delivery success.

3.3 Over the life of this medium term financial plan, the policy context in which the council and its partners work will continue to change. This MTFP and the forthcoming council plan refreshes will need to be able to respond to these changes. Key dimensions include:

- Radical changes to the health system with new responsibilities for public health and health and well-being having transferred to the council;
- Continued reform of the education system with increasingly autonomous academies and free schools, but councils continuing to have responsibility for school improvement;
- Decentralisation and localism with increased expectations about community and neighbourhood involvement in commissioning services;
- Greater integration and pooling of budgets between local authorities and clinical commissioning groups, via the 'Better Care Fund';
- Implementation of the Care Act with significant implications on local authority spend resulting from capping of client contributions and an improved deal for carers;
- Presumption against local authority direct provision of services, and increased emphasis on payment by results.

4. Assessment of Likely Available Resources

4.1 The size of the Council's revenue budget is determined by three major factors:

- The support from central government by way of Revenue Support Grant, other Specific Grants (including Public Health Grant) and the Dedicated Schools Grant;
- The Council's share of the amount collected for local business rates (NNDR); and
- The amount raised locally by council tax.

4.2 The Local Government Finance Settlement announced in January 2014 set out Grant expectation for both 2014/15 and 2015/16 and these are now a matter of record.

4.3 2014/15 is the second year of the application of the Resource Review 2012. This resulted in the localisation of funding for NNDR subject to a 50% share being returned to Central Government and 1% to the Fire Authority. This was a major technical reform of Local Government finance and there was and is considerable risk in estimating the Council share of this resource stream. In setting the budget for 2013/14 the Council adopted the baseline position set out in the Settlement Funding Assessment (SFA) which estimated a receipt of £42.119m as the Council share. In the event this was £320,000 more than the amount credited as the Medway share after allowing for the 5-year phasing of outstanding appeals that pre-dated April 2013. The estimation of the outstanding appeal liability is nothing short of guesswork given that we do not control the process, which is run through the Valuation Office, and we have no control over submission of appeals against the valuation for rates purposes established by the 2005 and 2010 valuation lists. Appeals are still outstanding against the former, despite promises by Government that all appeals would be settled before the next revaluation in 2017 and in fact we are predicting an increase in the required provision for outstanding appeals of some £2.1 million which has the effect of reducing the Medway share of business rate income by some £1.0 million based on our 49% share.

- 4.4 In respect to Council Tax levied, Medway's position in 2014/15 remains one of the lowest in both our peer group of Mainland Unitary Councils (9th lowest of 55) and nationally (35th of 325) despite increasing Council Tax by the maximum permitted without falling foul of referenda rules.
- 4.5 The now established 'referenda' rules replace the former capping regime and require that any proposal to exceed a Government determined 'excessive' amount will require a local referendum to be held to confirm the increase. For 2014/15 and 2015/16 the declared increase beyond which it is deemed to be excessive is 2%.
- 4.6 SR 2013 also announced that the offer of a grant equivalent to a 1% increase in council tax would be available for both 2014/15 and 2015/16. Based on previous Council Tax Freeze Grant offers, this would mean two separate council tax freeze grants, but, if this is the case, there is a question over how long the funding for each offer will be for. The national funding was announced at £833 million and this compares to £450 million for the 2013/14 scheme. Therefore, it would appear that there would be sufficient funding for at least the following offer:
- 2014/15 offer – funding for two years at 1% (confirmed and adjusted in the RSG baseline)
 - 2015/16 offer – funding for one year at 1%
- There is no guarantee of funding beyond 2015/16 yet for the 2015/16 component.
- 4.7 The Taxbase upon which the current council tax is set was agreed as 78,407 Band D equivalents, which reflects the discount effect of the Council Tax Reduction Scheme that replaced Council Tax Benefit in 2013/14. There is every indication that the average for the year will exceed the Taxbase used for Council Tax setting purposes and a consequent surplus to that part of the Collection Fund. In developing the Draft Budget for November this will be an important component in closing the present funding gap. Growth for the next few years is predicted to be similar and whilst banding and discounts are unpredictable, not least because of the Council Tax Support scheme, it is considered that a 0.5% growth rate is a reasonable assumption on current arrangements. Accordingly assumptions underpinning the revenue receipts are a Taxbase of 78,799 and 79,193 respectively for 2015/16 and 2016/17.
- 4.8 Another significant change in 2013/14 was the transfer of responsibility for Public Health Services from the former Primary Care Trusts to Local Authorities. A ringfenced grant was announced as part of the January 2013 Settlement. This amounted to £13.17 million for 2013/14 and £14.28 million for 2014/15. SR 2013 did not address this grant and the revenue resource assumptions in this report have assumed that the 2014/15 position remains static for the future. There will however be a transfer of public health services for 0-5 from NHS England in October 2015, which will bring with it additional resources.
- 4.9 SR 2013 included provision to create a Single Local Growth Fund of £2.8 billion to be funded in part by a £400 million cut in the level of New Homes Bonus paid in 2015/16 and beyond. In the event this proposal was not carried forward and this funding stream is an important part of the revenue funding total with a forecast contribution of £96 million and £481 million respectively for 2015/16 and 2016/17. Work is also in hand to review these projections in line with the Taxbase review referred to at 4.7.

- 4.10 At the end of July the Department for Education (DfE) announced changes to the Education Services Grant emanating from an earlier consultation prompted by SR 2013. The effect of this was already allowed for in last year's MTFP and indeed as a consequence of increases in the number of pupils the anticipated grant for 2015/16 has increased from £2.104 million to £2.260 million albeit still a £1.067 million reduction on 2014/15.
- 4.11 For DSG there is some logic in an expectation of a slightly better position overall given the predicted increase in pupil numbers from 41,520 in 2014/15 to 43,499 in 2017/18. However it is difficult to see an increase in the per pupil funding rate which means an effective real cut in funding equivalent to inflationary pressure. An added complication will be the transfer funding for Academies that is predicted to rise from £93.257 million in 2014/15 to £127.063 million in 2017/18 based on known and anticipated conversions. The table below summarises the expected position:

Table 1: Schools Funding

	2014/15	2015/16	2016/17	2017/18
Schools Block: Pupil Numbers	37,029	37,529	38,029	38,529
Early Years Block: Pupil Numbers	2,615	2,730	2,850	2,975
High Needs Block: Pupil Places	1,876	2,005	1,995	1,995
Total all pupils	41,520	42,264	42,874	43,499
DSG (gross)	£209.171m	£214.300m	£216.845m	£219.586m
Academy deductions	£(83.299)m	£(91.536)m	£(116.171)m	£(127.063)m
DSG (net)	£1.654m	£0.050m	£0.000m	£0.000m
Pupil Premium	£6.152m	£6.498m	£6.467m	£6.436m
Sixth Form Funding excluding academies	£1.654m	£0.050m	£0	£0
Net Schools Funding	£133.678m	£129.312m	£107.141m	£98.959m

- 4.12 At this stage no allowance has been built into the forecasts for pay inflation given the scale of deficit to be recovered. However it is recognised that there has been a sustained period of nil pay increase and the newly negotiated 'Medpay' arrangements have also been designed to cater for a performance based approach to annual pay increments. In broad terms a 1% addition to the General Fund, non-schools, pay bill, would require an £800,000 additional resource. Any impact in schools would need to be met from the delegated budget provided through the DSG. A further nil provision for general inflation where there is no contractual commitment is also assumed although fees and charges (except parking which is frozen) are assumed to increase by a benchmark 2.5%.
- 4.13 Table 2 below illustrates potential resources for 2015/18 based upon the assumptions in 4.1 to 4.12.
- 4.14 In addition to the revenue resources referred to above the Council does have access to reserve balances. However, whilst the balance of General Reserves (i.e. those not allocated for an earmarked purpose) has increased in recent years as a result of budget underspending, it is still at a minimal level. Additionally, in setting budgets, the Council has agreed a number of changes to earmark specific balances such that at 31 March 2013 the uncommitted general reserve and the contingency balance amounted to some £8.1 million. Taken in context to the recurrent saving

requirement illustrated in this report, and the risks and costs that are likely in achieving financial balance, it is clear that they do not represent a solution to the financial equation.

Table 2: Potential Resources for 2014/2018

Description	2014/15	2015/16	2016/17	2017/18*
	£m	£m	£m	£m
Funding assessment - % decrease		(14.08)%	(10.02)%	(8.93)%
- Revenue Support Grant	52.392	38.263	28.368	19.942
- Baseline business rates share	44.916	45.344	46.865	48.576
Total Funding Assessment Baseline	97.308	83.607	75.233	68.518
Additional Business Rate share				
	0.000	0.428	1.521	1.711
		0.50%	0.50%	0.50%
Taxbase	78,407	78,799	79,193	79,589
Council Tax (£1,141.47 baseline + 2% pa)	91.285	93.570	95.912	98.319
New Homes Bonus	5.582	6.307	7.133	6.804
Public Health Grant	14.280	14.280	14.280	14.280
Use of Reserves	1.100	0.050	0.050	0.050
School Specific Funding:				
DSG (based on forecast pupil numbers)	209.171	214.300	216.845	219.586
Pupil Premium	6.152	6.498	6.467	6.436
Sixth Form Funding excluding academies	1.654	0.050	0.000	0.000
Academy Transfer	(83.299)	(91.536)	(116.171)	(127.063)
Pupil Numbers	41,520	42,264	42,874	43,499
Funding per pupil (basic £)	4,352	4,352	4,352	4,352
ESG	3.327	2.260	2.116	2.116
Other Specific Grants	0.298	0.325	0.325	0.325
Summary Resources:				
DSG and other Schools based funds	133.678	129.312	107.141	98.959
(Increase)/Decrease in resource		4.366	22.171	8.182
Non-DSG	211.940	200.349	194.999	190.362
(Increase)/Decrease in resource		11.590	5.350	4.638

5. Spending Priorities

- 5.1 Whilst the Consumer Prices Index is currently running at around 1.5%, it is clear that for 2015/16 and beyond the Council will need to continue to restrict its spending requirements. The figures at Appendix 1 assume no provision for pay awards and inflationary pressures are limited to those areas where the Council is contractually committed to annual uplifts. Having said that, there will be areas of the business where as a result of legislative changes, demographic growth or contractual obligations, there will still be spending pressures reflected in the MTFP.
- 5.2 It is not the purpose of this document to plan the service needs of departments but nonetheless there are a number of key spending issues that sit alongside the priorities of the council. These are highlighted below.

Children and Adults

Children and Adult Services is the largest directorate, representing the greatest call on available resources. As always, the most significant financial risks for the directorate are within social care and the major forecast pressures are outlined below:

- Demographic pressures on services for the elderly and disabled adults continue to be an issue and the 3% per annum growth reflected in the MTFP is consistent with projections produced by the Association of Directors of Adult Social Services. However, the MTFP also assumes that continued investment in reablement and the successful roll-out of flexicare housing schemes will mitigate the impact of demographic growth on social care budgets;
- The MTFP also assumes that the implications of the Care Act will be fully funded, in line with the rhetoric emanating from Central Government, however this is possibly a naïve assumption and at circa £16 million in 2016/17 the risks are significant;
- In spite of the risks around the targeted reductions in emergency admissions at the Medway Maritime Hospital, close partnership working with CCG colleagues has ensured that Social Care budgets have been protected within the Better Care Fund;
- The implications of changes to the legislation in relation to Deprivation of Liberties Safeguards is estimated to cost an additional £387,000 per annum;
- The 2013 Ofsted inspections resulted in the local authority having to make important improvements within the Children's Care division. These improvements had the effect of increasing referrals to the service and this increase in caseloads has required the Council to invest in additional social workers. The MTFP makes £827,000 provision for this increase in the establishment;
- The 'looked after children' placement budget also needs to be increased by £1.4 million to reflect the cost of the current service and then uplifted by a further £250,000 for demographic growth, however the MTFP also incorporates the full year effects of the management action agreed in the current financial year, much of which concerns improvements in the way the local authority commissions care and this mitigates the effect to a net £625,000 addition.

Regeneration, Community and Culture

- The RCC financial plans start by removing a number of one-off increases in the budget, agreed for 2014/15. This includes £650,000 of Highways spend and some other smaller sums within the Economic Development and Leisure Services directorates, most of which were funded from reserves;
- The major pressure is within the Waste Service, in the shape of contractual uplifts and increases in tonnages. Year on year these pressures have been met from the £14.0 million grant, but this has meant that the grant has been used more quickly and that in 2016/17 the Council will need to find around £2.4 million just to maintain the status quo and a further £1.7 million from 2017/18;
- It is anticipated that Homelessness costs will continue to be a problem, increasing by over £200,000 in 2015/16.

Business Support/Corporate Issues

- A non-recurring pressure in respect of litigation and refunds is expected against the Land Charges budget in 2015/16;
- Savings are expected to arise from vacation of the Compass Centre, although this is on the assumption that any dilapidations will be funded through the capital programme;
- Housing Benefit Administration Grant is expected to reduce by a further 10% per annum;
- The MTFP also reflects further savings from both the restructure of the Finance division and removal of the budget for the one-off payments made to staff to facilitate the implementation of the pay and grade review;
- The transfer of the coroner's officers from Kent Police to KCC is expected to have adverse financial implications outside our current budget provision.

5.3 It is almost inevitable that other issues may surface as the budget preparation progresses and Members will also want to invest in priority areas, however the challenge presented by the continued reduction in Government funding will make it difficult to address these issues. Table 3 below summarises the net effect of these amounts when compared to resource assumptions set out in Table 2 and reveals a deficit for 2015/16 of £12.238 million, rising to £27.324 million by 2017/18. This is illustrated in more detail at Appendix 1.

Table 3: Cumulative Effect of Movement in Resources

	2015/16	2016/17	2017/18
	£m	£m	£m
Cumulative Net Movement:			
School Specific Funding:			
(Additional) / Reduced Resources (based on forecast pupil numbers)	4.366	26.537	34.719
Additional Resource Demand	(4.366)	(26.537)	(34.719)
Net (Surplus)/Deficit	0.000	0.000	0.000
General Fund:			
Reduced Resources	12.780	18.130	22.768
Additional Resource Demand	(0.542)	2.209	4.556
Gross Deficit	12.238	20.339	27.324

6. Balancing Resources and Demands

- 6.1 The organisation is nearing completion of the transformation of customer contact and administration, initiated through the Better for Less programme. This was expected to deliver savings estimated at approximately £5.4 million per annum but this has been revised to £4.5 million with the final phase tasked to deliver £800,000 across 2014/16 with £589,000 to be completed during 2015/16.
- 6.2 The Category Management workstream has the stated potential to deliver up to £10 million of savings through the more effective commissioning and procurement of services over the MTFP period. The first procurement exercise in relation to Homecare Services saved £1.9 million. New contracts for Homecare Services were introduced at the end of 2012/13 and this resulted in reduced contract costs of £1.9 million per annum. Further savings for Facilities Management, Agency Staff and High Cost Placements are anticipated to yield an additional £2.2 million of reduced costs in 2014/15 and there is a programme of work planned to secure further savings.
- 6.3 In addition to this transformation programme there is a need to make immediate progress in a number of areas where there are potentially significant efficiencies to be gained without impacting significantly on service delivery to residents. Initial areas to be covered are:
- *Tackling the growth in looked after Children numbers;*
 - *Continued transformation of adult social care including delivery of enablement, flexicare housing and the personalisation agendas;*
 - *Opportunities for more efficient use of Public Health Grant;*
 - *Potential shared service arrangements with other councils and public agencies;*
 - *Property rationalisation; and*
 - *Opportunities for market testing.*
- 6.4 Given the resource position it is equally important that the Council embarks upon a rational review of costs, performance and priorities. The Council's approach to managing performance has improved significantly over the past few years and our external auditors have acknowledged a "step change improvement" in the way the Council monitors itself and is able to report on and manage its performance. The development of the Council Plan forms the backbone of these improvements. It was not written for inspectors – it was written for the Council itself to use to deliver its priorities that were developed by services, drawing from consultation and evidence of quality of life in Medway and is monitored in a similar fashion using resident opinion from a number of sources to track success.
- 6.5 The plan is underpinned by a limited and high level set of measures of success, so that for each priority Members can track a cluster of indicators to gauge progress, to enable Members to see how well the Council's actions are making a difference and are giving value for money, and provide a way of communicating with the public about the difference the Council is making.
- 6.6 The current Council Plan re-affirms the commitment to Value For Money as one of the two core values that underpin the plan and help us serve residents, businesses and partners.

7. Timetable

- 7.1 The timetable for production of the Medium Term Financial Plan and Draft Budget Proposals is as follows:

Report to Cabinet	30 September 2014
Report to Business Support Overview & Scrutiny	7 October 2014
Portfolio/Directorate reviews	July to October
Initial budget proposals to Cabinet	25 November 2014
Reports to Overview & Scrutiny	December/January
Draft budget to Cabinet	10 February 2015
Budget proposals to Council	26 February 2015

- 7.2 Business and service planning will run in tandem with the budget setting process.

8. Conclusion

- 8.1 The Medium Term Financial Plan identifies our spending needs for 2015/16 and beyond.
- 8.2 Whilst table 3 identifies a forecast deficit of £12.2 million in 2015/16, this increases to over £27.3 million by 2017/18 despite assuming council tax increases of 2% per annum and estimated year on year increases in the Council's share of business rates. Without these the gap would have grown to almost £40.0 million and is largely attributable to Government funded RSG decreasing from £52.4 million in 2014/15 to £19.9 million in 2017/18. Clearly any council tax increase will be a matter for political judgement closer to the time and that in turn will be influenced by decisions made by central Government. A significant proportion of the savings from the Council's transformation programme represent estimates that have yet to be supported by detailed plans and it is critical that the organisation strives to deliver them. Against this background it is very clear that there is a need to both curtail aspirations and identify efficiencies and more radical changes to service delivery to produce a balanced financial position over the next three years and this will not be an easy process given the efficiency programmes of previous years.
- 8.3 Irrespective of the eventual forecast shortfall in resources arising from the budget requirement, it must remain the Council's main strategic aim to achieve a sustainable budget without recourse to reserves. To that effect it is critical that both existing and emerging requests for pressures are challenged out of the process where possible and that due weight is given to driving forward the efficiency agenda and the search for more radical and cost effective means of delivery. This is consistent with the Value for Money philosophy and the measures described in section 6 will be a key part of that process over the term of this plan.

9. Financial and Legal Implications

- 9.1 These are contained within the body of the report.

10. Risk Management

- 10.1 The risks of failing to effectively manage the resource planning and allocation process to achieve priorities and maintain effective service delivery are great, but

we do have some certainty about the extent of the Government grant reductions and the funding deficit presented herein is very real.

- 10.2 Whilst Revenue Support Grant and Dedicated Schools Grant are important, other significant sums are being generated through income from Business Rates, Council Tax and fees and charges, the importance of which should not be understated.

11. Diversity Impact Assessment

- 11.1 The council has legal duties to give due regard to race, gender and disability equality in carrying out its functions. This includes the need to assess whether any proposed changes have a disproportionately negative effect on people from different ethnic groups, disabled people and men and women, which as a result may be contrary to these statutory obligations. The Medium Term Financial Plan identifies the resources available, which will determine the service priorities within the Council Plan. Diversity Impact Assessments will be undertaken and reported to Members as part of the budget and service planning process as the quantum of resources and hence the impact on Council services unfolds.

12. Recommendations

Cabinet is asked to:

- 12.1 Endorse the underlying aims of the Medium Term Financial Plan;
- 12.2 Note the forecast level of overall funding outlined in Section 4; spending priorities in Section 5 and the consequent funding shortfall identified in Table 3; and
- 12.3 Instruct portfolio holders and directors to identify savings and efficiencies to achieve a balanced budget for 2015/16 and beyond.

13. Suggested Reason for Decision

- 13.1 This is a preparatory document to meet the budget process and timetable set out within the Constitution.

Report author Mick Hayward, Chief Finance Officer.

Appendices

1 and (a) to (c) Revenue Summary 2014/18

Background Papers

Medium Term Financial Plan 2014/17 – Cabinet 1 October 2013:

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=21413>

Capital and Revenue Budgets 2014/15 – Report to Council 20 February 2014.

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=22669>

Directorate	Original Budget 2014/15	Original Forecast 2015/16	Non-Rec Removals 2015/16	Pressures 2015/16	Savings 2015/16	Forecast Requirement 2015/16	Forecast Movement 2016/17	Forecast Requirement 2016/17	Forecast Movement 2017/18	Forecast Requirement 2017/18
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Children and Adult Services (C&A):										
DSG and School Specific Expenditure	132,181	125,364		(582)	3,033	127,815	(22,170)	105,645	(8,184)	97,461
Public Health	886	886				886		886		886
General Fund Services	110,436	110,359		4,526	(2,650)	112,235		112,235		112,235
Regeneration, Community and Culture (RCC)						0		0		0
General Fund Services	49,296	48,691	0	908	(1,707)	47,892	2,981	50,873	2,208	53,081
Public Health	579	579				579		579		579
Business Support (BS):						0		0		0
General Fund Services	24,075	23,690		730	(960)	23,460	(230)	23,230	140	23,370
DSG	1,497	1,497				1,497		1,497		1,497
Public Health	303	303				303		303		303
Public Health	12,512	12,512				12,512		12,512		12,512
Interest & Financing	14,243	14,243				14,243		14,243		14,243
Levies	879	879				879		879		879
Projected savings from 'Better for Less'	(404)	(589)				(589)		(589)		(589)
Norse JVC	(263)	(263)				(263)		(263)		(263)
Pay & Grade Review	473	950	0	27	(477)	500		500		500
Superannuation rate reduction	0	0				0		0		0
Budget Requirement	346,693	339,101	0	5,609	(2,761)	341,949	(19,419)	322,530	(5,836)	316,694
Estimated Funding										
Dedicated Schools Grant	(125,872)	(119,731)			(3,033)	(122,764)	22,089	(100,675)	8,153	(92,522)
Other School Specific Grants	(7,806)	(7,130)		582		(6,548)	81	(6,467)	31	(6,436)
Council Tax	(91,285)	(93,555)			(15)	(93,570)	(2,342)	(95,912)	(2,406)	(98,319)
Revenue Support Grant	(52,392)	(38,390)		127		(38,263)	9,895	(28,368)	8,427	(19,942)
Business Rate share	(44,916)	(46,540)	450	746		(45,344)	(1,521)	(46,865)	(1,711)	(48,576)
New Homes Bonus	(5,582)	(6,401)	120		(26)	(6,307)	(826)	(7,133)	328	(6,804)
Education Support Grant	(3,327)	(2,104)			(156)	(2,260)	144	(2,116)	0	(2,116)
Specific Grants	(298)	(298)			(27)	(325)	0	(325)	0	(325)
Public Health Grant	(14,280)	(14,280)				(14,280)	0	(14,280)	0	(14,280)
Use of Reserves	(1,100)	(1,100)	1,050			(50)	0	(50)	0	(50)
Estimated Available Funding	(346,858)	(329,529)	1,620	1,455	(3,257)	(329,711)	27,519	(302,192)	12,821	(289,370)
Budget Gap - DSG	0	0	0	0	0	0	0	0	0	0
- General Fund	(165)	9,572	1,620	7,064	(6,018)	12,238	8,100	20,339	6,985	27,324

Children and Adult Services Directorate

	For Information			For Information			Pressures / Savings		
	2013-14 Outturn			2014-15 Budget			2015-16	2016-17	2017-18
	Budget £'000	Actuals £'000	Variance £'000	Exp £'000	Inc £'000	Net £'000	£000s	£000s	£000s
Older People	20,756	20,159	(596)	31,424	(10,383)	21,041	0	0	0
- Demographic Projections (based on ADASS projections)							535	552	568
- Effect of Extra Care Housing							(178)	(184)	(189)
- Effect of Reablement							(357)	(368)	(379)
- Care Act							0	12,558	4,824
- Care Act funding from Central Government							0	(12,558)	(4,824)
Disability Services	35,839	36,986	1,147	38,587	(2,437)	36,150	0	0	0
- Demographic Projections (based on ADASS projections)							946	974	1,003
- Effect of Extra Care Housing							(315)	(325)	(334)
- Effect of Reablement							(631)	(649)	(669)
- Care Act							0	3,740	2,080
- Care Act funding from Central Government							0	(3,740)	(2,080)
Mental Health	4,092	4,025	(67)	4,420	(199)	4,221	0	0	0
- Demographic Projections (based on ADASS projections)							68	71	72
- Effect of Extra Care Housing							(23)	(24)	(24)
- Effect of Reablement							(46)	(47)	(48)
- Care Act							0	271	151
- Care Act funding from Central Government							0	(271)	(151)
- DoLS Service							387	0	0
Social Care Business Manager	2,364	2,080	(284)	2,605	(264)	2,341	0	0	0
Social Care Management	2,630	159	(2,471)	5,998	(5,891)	108	0	0	0
Quality Assurance & Safeguarding	813	992	179	952	(144)	808	0	0	0
Better Care Fund							(10,628)	0	0
- Additional income received as part of BCF pooled budget							10,628	0	0
- Additional expenditure due to BCF pooled budget							0	0	0
Adult Social Care Total	66,494	64,402	(2,092)	83,987	(19,319)	64,668	386	0	0
Child Protection & Proceedings	4,009	3,961	(49)	3,376	(70)	3,306	0	0	0
Additional staffing based on current caseloads							676	0	0
Agency cover for current establishment/additional staffing (10% of SW budgets)							63	0	0
Triage & Assessment	0	358	358	1,896	0	1,896	0	0	0
Additional staffing based on current caseloads							0	0	0
Agency cover for current establishment/additional staffing (10% of SW budgets)							54	0	0
Assessment & Contact	1,033	1,015	(18)	1,002	0	1,002	0	0	0
Additional staffing based on current caseloads							0	0	0
Agency cover for current establishment/additional staffing (10% of SW budgets)							34	0	0
LAC Placements	17,735	19,355	1,621	19,266	(980)	18,285	0	0	0
- Cost of Current Service (external placements)							886	0	0
- Cost of Current Service (internal placements)							496	0	0
- Inflation: Fostering (2% pa).							92	92	92
- Demographic Projections (based on increase in school places projections)							251	223	253
Impact of commissioning strategy							(1,100)	0	0
Additional staffing based on current caseloads							0	0	0
Agency cover for current establishment/additional staffing (10% of SW budgets)							38	0	0
Children's Care Management Team	389	581	193	438	0	438	0	0	0
Children's Care Training	85	115	30	110	(25)	85	0	0	0
Early Help	320	213	(107)	1,604	(1,286)	318	0	0	0
Children's Care Total	26,579	29,030	2,451	29,858	(2,488)	27,370	1,490	315	345
Directorate Management Team	715	932	217	825	(112)	713	0	0	0
Commissioning, Contracts & Business Support	2,578	2,555	(23)	3,113	(710)	2,403	0	0	0
Schools Commissioning & Traded Services	280	304	24	1,298	(1,072)	226	0	0	0
School Organisation & Student Services	1,595	1,822	227	2,227	(408)	1,819	0	0	0
Partnership Commissioning Total	5,168	5,613	445	7,463	(2,303)	5,160	0	0	0
Health and Wellbeing	595	616	20	651	(80)	571	0	0	0
Integrated Youth Support Services	3,005	2,925	(80)	3,491	(919)	2,571	0	0	0
Psychology & Inclusion	33,363	33,747	384	32,102	(604)	31,498	0	0	0
Inclusion Management Team	893	835	(59)	1,390	(509)	882	0	0	0
Early Years	18,325	18,253	(72)	19,641	(360)	19,281	0	0	0
School Challenge & Improvement	1,033	1,065	33	1,180	(117)	1,063	0	0	0
Inclusion & School Improvement Total	57,214	57,440	226	58,456	(2,590)	55,866	0	0	0
Finance Headings	16,677	16,672	(5)	524	1	525	0	0	0
HR Headings	553	728	175	985	(428)	558	0	0	0
School Grants	89,324	89,324	0	75,600	0	75,600	0	0	0
Schools Retained Funding and Grants Total	106,554	106,724	170	77,110	(426)	76,683	0	0	0
DIRECTORATE TOTAL	262,009	263,208	1,199	256,874	(27,127)	229,747	1,876	315	345

Pressures 4,526 1,912 1,988
Savings (2,650) (1,597) (1,643)

REGENERATION, COMMUNITY AND CULTURE - MEDIUM TERM FINANCIAL PRESSURES

	For Information			For Information			Pressures / Savings			
	2013-14 Outturn			2014-15 Budget			2015-16	2016-17	2017-18	
	Budget	Actuals	Variance	Exp	Inc	Net	£000s	£000s	£000s	
£'000	£'000	£'000	£'000	£'000	£'000					
Front Line Services										
Front Line Support	1,127	1,104	(23)	1,284	(1,284)	0				
Highways	6,693	6,749	56	7,362	(669)	6,693		130	133	
- Contract inflation (2.66%)							(450)			
- Remove one-off potholes							(200)			
- Remove one-off Member Priorities										
Major Projects	(200)	(116)	84	664	(782)	(118)				
Parking Services	(2,858)	(2,943)	(85)	5,119	(7,802)	(2,683)				
Integrated Transport	6,644	6,519	(125)	7,645	(929)	6,716				
Road Safety	400	422	22	690	(276)	414				
Traffic Management	751	623	(128)	1,076	(311)	765				
Waste Services	19,308	19,638	329	24,131	(5,258)	18,873				
- Landfill Tax (£80 per tonne 14/15, linked to inflation for 15/16)							27	24	21	
- Changes in waste arisings							52	25	46	
- Contract inflation for disposal (2.5%)							171	180	188	
- Contract inflation for collection (2.5%)							337	359	372	
- Use of DCLG grant							(587)	587		
- Shortfall after DCLG fund runs out								1,222	1,100	
- Procurement cost amortisation									(33)	
Strood Depot Services	(6)	(48)	(42)	89	(112)	(23)				
Safer Communities Support	327	300	(27)	187	0	187				
Community Safety Partnership	266	229	(37)	312	0	312				
Environmental Health Commercial	1,262	1,093	(169)	1,558	(71)	1,487				
Environmental Services	1,543	1,507	(36)	2,113	(48)	2,065				
CCTV/Lifeline	391	385	(6)	2,320	(1,956)	364				
	35,648	35,462	(187)	53,265	(18,214)	35,051	(650)	2,527	1,827	
Housing & Regeneration										
Housing & Regeneration Support	165	276	112	687	(677)	9				
Economic Development	655	725	70	1,607	(859)	748				
- Remove one-off Apprenticeships Medway Queen							(30)			
- Remove on-off Airport Campaign							(100)			
Planning Policy & Design	862	727	(135)	652	(17)	635				
Development Management	412	599	186	2,015	(1,211)	805				
Social Regeneration & Europe	510	570	60	894	(230)	664				
- Community Centres Income							65			
Building Control	176	174	(2)	176	0	176				
Housing Solutions	1,548	1,825	277	2,783	(861)	1,922				
- Homelessness							213	244	317	
Homechoice	437	316	(121)	527	(77)	450				
Private Sector Housing	437	414	(23)	504	(13)	491				
Housing Disabled Adaptations	121	114	(7)	190	(87)	103				
Property Management	22	37	15	62	(46)	16				
Housing Strategy	352	303	(49)	328	(11)	317				
Physical Regeneration	274	63	(211)	369	(94)	275				
Housing Related Support	1,805	1,885	80	1,798	0	1,798				
	7,775	8,027	252	12,592	(4,183)	8,410	148	244	317	
Leisure and Culture										
L&C Management Group	17	132	114	445		445				
Leisure & Sports	3,891	3,608	(283)	7,156	(3,900)	3,256				
Arts, Theatres & Events	1,524	1,872	348	3,395	(1,730)	1,665				
- Remove one-off HMS Lancaster							(15)			
- Remove one-off Sponsorship							(45)			
Heritage	785	751	(35)	1,051	(255)	796				
- Remove one-off Home of Dickens							(60)			
Greenspaces (and Country Parks)	4,172	4,069	(103)	5,840	(793)	5,047				
- Contract inflation Ground Maintenance								104	64	
- Regulatory pressure; increased cleansing and signage vegetation clearance							(20)	106		
- Remove one-off Hempstead Allotments							(200)			
- Remove one-off Play Areas										
Tourism	561	556	(6)	1,093	(537)	557				
Libraries	4,204	4,128	(76)	4,122	(254)	3,868				
- Strood & Twydall Library Community Hubs staffing pressures							43			
	15,155	15,115	(40)	23,102	(7,469)	15,633	(297)	210	64	
Regeneration, Community & Culture Directorate Support	698	664	(34)	1,478	(993)	485				
Total for Regeneration, Community & Culture	59,276	59,267	(9)	90,438	(30,858)	59,580	(799)	2,981	2,208	
							Pressures	908	2,981	2,241
							Savings	(1,707)	0	(33)

BUSINESS SUPPORT DEPARTMENT - MTFP 2014-2018

	For Information			For Information			Pressures / Savings			
	2013-14 - Outturn			2014-15 - Budget (excl. Recharges)			2015-16	2016-17	2017-18	
	Budget £'000	Actual £'000	Variance £'000	Direct Exp £'000	Direct Inc £'000	Net £'000	£'000	£'000	£'000	
Legal Services	55	(159)	(214)	1,431	(203)	1,228				
Land Charges & Licensing	(16)	(47)	(31)	423	(562)	(139)				
- Refund and litigation cost pressure - may impact 14/15							390	(390)		
Building, Design & FM Services	(365)	(474)	(109)	974	(1,186)	(212)				
Investment Property	(894)	(964)	(70)	423	(1,627)	(1,204)				
Category Management	7	(177)	(184)	916	(38)	878				
Category Management Workstreams	(732)	0	732	(691)	0	(691)				
Operational Buildings	636	305	(331)	3,212	(657)	2,555				
- Vacation of Compass Centre (March 2015)							(385)			
Medway Norse	579	600	21	5,882	(296)	5,586				
Corp Services Vacancy Target	(88)	0	88	(91)	0	(91)				
Total for - Legal & Corporate Services	(818)	(916)	(98)	12,479	(4,569)	7,910	5	(390)	0	
Benefit Payments	1,485	1,090	(395)	105,417	(104,026)	1,391				
- Potential HB Grant Admin reduction (Est. 10%)							180	160	140	
Revenues and Benefits Admin Total	1,668	1,378	(290)	1,956	(2,862)	(906)				
NNDR Discretionary Relief	251	0	(251)	0	0	0				
Rural Liaison Grants	110	75	(35)	110	0	110				
Ward Improvements	165	137	(28)	165	0	165				
Non Distributed Costs			0	1,553	0	1,553				
Corporate Provisions	666	362	(304)	370	0	370				
- Removal of one-off staff payments April 2014			0			0	(500)			
BSD Management Team	(27)	(59)	(32)	944	(80)	864				
Financial Management	4,571	4,405	(166)	1,562	(179)	1,383				
- Remaining full year effect of finance restructure						0	(75)			
Financial Systems	1	(3)	(4)	131	(8)	123				
Creditors and Income Services	0	(55)	(55)	428	(39)	389				
Audit Services	(3)	(38)	(35)	550	(11)	539				
Levies	879	943	64	911	(32)	879				
- Coroner service transfer from police to LAs							160			
FS Vacancy Saving Target	(106)		106	(110)	0	(110)				
Total for - Finance	9,660	8,235	(1,425)	113,987	(107,237)	6,750	(235)	160	140	
Democratic Services	838	786	(52)	629	(44)	585				
Members and Mayoral Services	1,058	1,007	(51)	1,067	(55)	1,012				
Electoral Services	455	455	0	543	(92)	451				
Community Interpreters	(103)	(77)	26	180	(291)	(111)				
Registration Services	96	(37)	(133)	502	(507)	(5)				
Bereavement Services	9	9	0	1,524	(1,910)	(386)				
Customer Contact	427	410	(17)	4,681	(223)	4,458				
Customer First	1	(118)	(119)	0	0	0				
CF Vacancy Saving Target	(150)	0	150	(102)	0	(102)				
Total for - Democracy & Customer First	2,631	2,435	(196)	9,024	(3,122)	5,902	0	0	0	
Performance & Intelligence	26	(84)	(110)	510		510				
Communications and Improvement	(49)	(16)	33	1,055	(414)	641				
Better for Less - Comm Hubs	43	100	57			0				
Administration Hub	(94)	(104)	(10)	2,194	(91)	2,103				
CPP Vacancy Saving Target	(99)	0	99	(154)	0	(154)				
Total for - Communications, Performance & Partnerships	(173)	(104)	69	3,605	(505)	3,100	0	0	0	
Human Resource Services	(227)	(316)	(89)	2,468	(1,345)	1,123				
Adult Education - Grant may reduce	(120)	(36)	84	2,217	(2,424)	(207)				
ICT	(5)	(21)	(16)	3,996	(786)	3,210				
OS Vacancy Saving Target	(107)	0	107	(111)	0	(111)				
Total for - Organisational Services	(459)	(373)	86	8,570	(4,555)	4,015	0	0	0	
Total for Business Support Department	10,841	9,277	(1,564)	147,665	(119,988)	27,677	(230)	(230)	140	
							Pressures	730	160	140
							Savings	(960)	(390)	0